INCOMING TELEGRAM Department of State

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DEPARTMENT OF STATE A/CDC/MR

REVIEWED BY J. M. Raji DATE May 6, 1982

Control: 14382
Rec'd: November 25, 1958
4:53 p.m.

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AF MESSAGE CENTER

FROM: Benghazi

TO: Secretary of State

NO: 258, November 25, 2 p.m.

SENT DEPARTMENT 258; REPEATED INFORMATION PARIS 27, WIESBADEN 11, 7272 ND ABW AND 17TH AF, BONN, TRIPOLI UNNUMBERED.

WIESBADEN FOR CINCUSAFE; PARIS FOR WEST.

Our 254.

GOL note asking for review base agreement apparently refers only to Section C, 1954 exchange letters, which Libyans have always considered as "financial annex" to agreement. While not precise, implication is clear that not only reduction special funds 1961 unacceptable but also that present amount is unsatisfactory in meeting Libya's economic needs and in return for services rendered by Libya in permitting US use base facility. Also clear, and of equal importance to Kubar, is that funds to be accepted by GOL as "rent" for base facility in whatever amount must be unconditional and paid over as pure budgetary support as is case with UK subsidy and part of our "special funds" this year.

Arguments in support his request for review financial aspects base agreement are in major part specious or puerile, and we should answer them. Only valid one is fear of atomic or missile attack which, linked with growing appeal locally of Pan-Arab policy of third force neutrality, can create serious political problem for GOL if it does not take energetic steps to counter it. Kubar's goal is to obtain commitment of more straight financial assistance from US in exchange for base facilities than is presently available from special funds. In fact, he wants US recognize special funds are "rent" and as such should be handed over unconditionally as part budgetary receipts, in addition agreeing to increase their amount. We have had warning of this for some months now and do not believe there will be any give in his

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in his position regarding nature these funds. Bargaining area will be in the amount of free funds, not over the principle of whether they will be free or "unconditional" as he describes them. Kubar's position probably has support of King and would be popular with Parliament. Whether he will be indifferent to our withdrawing from the economic development field altogether if he can obtain an equivalent amount of budgetary support or whether he will welcome our continuing basic support of agriculture, water development, education, health and sanitation if he can have enough additional straight financial aid to permit immediate undertaking of his favorite public works projects is not so clear.

Concept of "rent" for bases is appealing. To government which no national revenue other than customs receipts, Wheelus is recognized as national asset, income from which could be justly considered as Libyan-earned. Furthermore, (with exception of King and handful of cosmopolitan Libyans) there is no real feeling of mutuality of interest with US in anti-Communist struggle and deterrent to Soviet aggression. As most Libyans see it, we need Wheelus in our cold war with USSR and, since it is on Libyan soil and by its proximity a potential threat to Tripoli, we should pay for it. Arguments that Wheelus is Libya's contribution to free world defense and to general war deterrent are not convincing, unhappily, to men like Kubar or his Cabinet who certainly cannot be counted upon to defend such view before much less sophisticated Parliament or public. Business deal over Wheelus, once price agreed, would be understood by public and we believe more satisfactorily defended by GOL than our present arrangement.

Concerning tactics, we could take position that renegotiating level "special funds" after 1960 should be postponed to that year and requirements for additional rent in meantime be met from MSP funds. Or, we could decide now to renegotiate amount for limited period such as five years or for entire remaining period validity base agreement. In latter event, decision probably will have to be made Washington whether "special funds" or MSP funds to be used.

In that general

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CONTROL 14382
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-3- 258, November 25, 2 p.m., from Benghazi-CORRECTED PAGE 3

In that general connection Embassy of opinion this propitious moment review and revise economic aid program and organization. GOL plans for creation new development council and fact IBRD economic survey getting under way provide tailor-made opportunity adjust our own operations to new situation. Embassy believes furthermore that this probably is better time to negotiate regarding revision paragraph C, 1954 exchange of letters, than would be 1960. Government in power at that time might raise numerous political questions regarding use of base, such as prohibition its use for strategic purposes, restriction on its use in any situation involving other Arab states, and other questions similar those raised by Moroccan Government. By contrast, there has been no hint thus far of desire of present GOL to limit use Wheelus Air Base, where freedom of operation probably best USAF enjoys anywhere. Furthermore, Libyan Government did not hesitate authorize planes in transit Turkey use Wheelus during last summer's Middle East crisis or permit missile exercises Libyan territory this year. Every indication is that so far as present government concerned this situation will continue if we are willing pay for use of military facilities.

Recommend, therefore, we handle Libyan request as follows:

(1) Embassy will acknowledge note by saying referred to Washington.

(2) Suggest some response from Department prior opening Parliament December 8 which would permit Kubar say that USG giving careful consideration Libyan Government views.

(3) If Department decides later enter negotiations we should answer for the record Kubar's arguments in support his request but say that, nevertheless, USG is prepared open discussions.

Embassy giving careful thought to various negotiating positions in event we have to enter into discussions, and will report them separately.

JONES

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